



Focus on Gambling

Got Credit?

Allowing Credit between Operators and Distributors/Manufacturers

A proposed rule change to allow credit between operators and distributors/manufacturers is up for filing at the April 14, 2006, Commission meeting. Currently, manufacturers and distributors must not offer credit to operators in the sale of gambling equipment, devices, related supplies or paraphernalia, and services. Manufacturers must conduct all sales to operators on a cash basis. Cash basis means full payment is received by the seller on or before actual delivery of the product or service to the operator.

At their September 2005 meeting, the Commission amended WAC 230-12-340 to allow credit at the manufacturer and distributor level. Prior to that time, the use of credit was prohibited in the sale of gambling equipment, devices, related supplies or paraphernalia, and services. The agency is now no longer involved in monitoring debt for manufacturers. At the September meeting, the Commissioners asked staff to look into removing credit restrictions between operators and distributors/manufacturers.



If you have comments on this proposed rule change, you are encouraged to attend a Commission meeting. The proposal will be Up for Final Action at the June 16, 2006, Commission meeting which will be held at the Marcus Whitman Hotel, 6 West Rose Street, Walla Walla, Washington 99362, (509) 525-2200. If you are unable to attend the meeting, please submit your comments in writing by May 15, 2006, to: WSGC, Attention: Rules Team, P.O. Box 42400, Olympia, WA 98504.

Internet Gambling Is Illegal

A new law was passed during the 2006 Legislative Session clarifying that Internet gambling is illegal in Washington State. Although Internet gambling has never been an authorized activity in Washington, this law was passed to make it very clear that Internet gambling is illegal in Washington. This includes gambling on the Internet, operating an Internet gambling site, or facilitating Internet gambling in any way. The penalty was changed from a gross misdemeanor to a Class C felony. A Class C felony has a maximum penalty of five years in prison, or a \$10,000 fine, or both.

(Continued on page 2)

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Inside this Issue:

- 2 Digital Surveillance in Card Rooms
- 3 Illegal Gambling Devices
- 3 Licensing Card Room Employees
- 5 Adopted Rule Changes
- 6 New Rule Changes Up For Filing
- 6 Updated 2006 Commission Meeting Schedule
- 7 Rule Changes Up For Final Action
- 8 Late Activity Reports
- 9 Administrative Case Update
- 23 Internet Gambling Sign

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Digital Surveillance in Card Rooms

WAC 230-02-205 (1)(f)

By Jim Dibble, Special Agent, Criminal Intelligence Unit

With the advances made in technology, many card rooms are now recording surveillance using digital technology rather than recording to VHS tapes. Digital surveillance operating systems are the central repositories for critical operating systems and sensitive data files. Because of this, these operating systems must be protected from unauthorized access and possible manipulation. For example, someone may try to access the surveillance system to delete recordings that show them cheating at a card game.

Because of this, we require persons that have **direct access** to a digital surveillance operating system to be licensed as a service supplier. The key to knowing if someone needs to be licensed is whether or not their work gives them **direct access** to a digital surveillance operating system where they would be in a position to manipulate, destroy or edit surveillance files.

Service Supplier License Needed

Businesses that provide installation, integration, maintenance, or service a card room's digital surveillance system which gives them direct access to the operating system need to be licensed as a gambling service supplier.

Employees of the licensed service supplier that perform work which gives them direct access to the operating system must be licensed as a gambling service supplier representative.

Direct access includes having physical (hands-on) or electronic access to a digital surveillance operating system. Since integrators typically have physical access to the digital surveillance operating system, they must be licensed as service suppliers before working in the surveillance room.

(Continued on page 4)

Internet Gambling Is Illegal

(Continued from front page)

Gambling involves three elements: Prize, Consideration (money) and Chance. If one of these elements is removed, it is no longer a gambling activity. For example, if you play cards on the Internet for free (no entry fee or wager) it is not a gambling activity.

If you are paying money and gambling online, be aware of the consequences. In addition, your gambling license could be revoked because you are engaging in an illegal activity.

Know the law. Don't get involved in an activity that is illegal in Washington State and risk fines, jail time and losing your gambling license. Some card room operators asked that we help get the word out that gambling over the Internet is illegal. We've made a sign on the inside of the back page you can post.

Illegal Gambling Devices

By Adam Carolus, Special Agent

Remember to check with your local gambling agent before installing any “slot type” machines in your business. Many websites claim electro-mechanical machines such as pachislo machines are legal in Washington. These sites advertise pachislo machines as being “skill-stop” machines, claiming they are games of skill and not chance.

The Washington State Gambling Commission has determined pachislo machines are not games of skill and are designed primarily for use in connection with professional gambling. Therefore, these machines are considered illegal gambling devices.

RCW 9.46.0241(1) defines a gambling device as “any device or mechanism the operation of which a right to money, credits, deposits or other things of value may be created, in return for consideration, as a result of the operation of an element of chance” which “does not return the same value or thing of value for the same consideration upon each operation thereof.” Gambling devices include, but are not limited to, pachislo and pachinko machines, slot machines, video poker, and other electronic games of chance. Owning or having an illegal gambling device in your possession is a Class C felony (RCW 9.46.215). In addition, the Commission can seize the machines.

Many of the websites where these machines are sold claim the machines are legal because they accept tokens rather than coins. Don’t believe what you read on the web, as these machines may still be considered gambling devices. Avoid problems by checking with your local gambling agent before purchasing any machines.



Licensing Card Room Employees

By Philette Hamakula-Ling, Licensing Supervisor

A big thank to card rooms’ human resources offices for the good work you do to ensure card room employee applications are complete and submitted on time.

We would like to offer a few reminders on what you can do to ensure your card room employee applications continue to be submitted correctly so they can be accurately and timely processed by staff.

Transfer/Add Applications

- If you plan to hire a card room employee who works at another card room, **first check our website under “License Status Check” to see if they have an active card room employee license.** If our website does not list a current employer, the individual may not be able to work for you under an “add application.” At that point, please contact a license technician at (800) 345-2529.
- **Do not fax the Transfer/Add Application.** We have received a number of transfer/add applications faxed to our 1-877 number. Please don’t fax to this number. Applications with the appropriate fees should be mailed to P.O. Box 42400, Olympia, WA 98504-2400. Once the completed application and fees are dropped in the mail, the card room employee can go to work.

Renewal Applications

- **Have the right employer sign the application.** Recently, a number of card room employees have driven to our Lacey office to renew their license and we were not able to accept their applications. This is because many applications did not have an employer’s signature, or they had an incorrect employer’s signature. In order to avoid delays, please ensure the correct employer’s signature is on applications.
- **Get the application in on time.** If we receive a card room employee renewal application within 14 days after the license expires, it will be considered a renewal application.

(Continued on page 4)

Licensing Card Room Employees..continued

(Continued from page 3)

If we receive the application 15 or more days after the license expires, the employee will need to submit an application for a new license along with fees for a new license. These fees are higher than renewal fees.

- **Cash payments must be exact.** If you are sending an employee to our Lacey office to renew his/her card room employee license or to pay an additional employer fee and they will be paying with cash, please remind them to have the exact amount of cash.

Termination Notifications

- **Fax termination notifications on time.** You must notify our office when a card room employee will no longer be working for you **within seven business days after their last day of work.** Lately, we have received termination notifications weeks or months after a card room employee leaves their job. It is important we receive notifications within seven days so our records are current when renewal applications are sent out.

Would you like to be able to send new and renewal application to our office over the Internet? We have put together a team to look into accepting payments and applications on-line. Stay tuned for more information.

As part of our Licensing outreach program, at the April 13, July 13, and November 16, 2006, Commission meetings, we will have a table set up in the hotel lobby between the hours of 9:00 a.m. and 1:30 p.m. A licensing technician and an agent from our Financial Investigations Unit will be there to answer questions. Feel free to stop by the table, get to know them, and ask questions. See page six for Commission meeting locations.

Digital Surveillance..continued

(Continued from page 2)

Service Supplier License Not Needed

If a person is performing installation, maintenance, or other digital surveillance service and does not have direct access to the operating system, they do not need a license. Examples of this would include installing cameras, lenses, and cabling.

Card room owners and licensed surveillance staff (licensed card room employees that work in the surveillance room as set out in a card room's internal controls) do not need a service supplier license. However, surveillance staff can only provide these services at one card room. If they provide services that give them direct access to a digital surveillance operating system of another card room, they would need to be licensed as a service supplier.

Only card room owners, licensed surveillance staff, and licensed service suppliers can have **direct access** to the digital surveillance operating system. If you have any questions, please contact your local gambling agent.



Adopted Rule Changes

Remove these updated rules (pages 12 -21) and insert them in your September 2004 Rules Manual.

These changes became effective February 17, 2006

\$200 wagering limits for all house-banked card games WAC 230-40-120

\$200 wagering limits are now allowed at all tables in a house-banked card room, rather than one, two or three tables, depending on the number of tables authorized under a license.

These changes became effective March 18, 2006

Activity Reports

WAC 230-08-120, WAC 230-08-125,
WAC 230-08-180, WAC 230-08-250

Specific line items were removed from activity reporting rules for amusements game, raffles and bingo licensees. This change gives staff flexibility to change activity reports without going through the formal rule amendment process to change line items listed in the rules. This change will also facilitate progress toward future on-line activity reporting for these licensees.

These changes will become effective April 13, 2006

Card Room Supervision WAC 230-40-815

A card room requested that the number of tables one pit supervisor can oversee be increased from five to six tables. This number was specific to the petitioner's card room. The Commission adopted staff's alternative to increase the number of tables from five to seven. Staff had no regulatory concerns allowing this. Furthermore, it streamlines this rule by removing an exception which allowed one supervisor to supervise 7 tables, if only 7 tables were in operation.

These changes will become effective July 1, 2006

Punchboard / Pull-Tab Service Business Permit WAC 230-02-205, WAC 230-02-208, WAC 230-04-133

At the request of a licensed gambling service supplier, the yearly gross receipts threshold to qualify for a Punchboard / Pull-Tab Service Business permit was increased from \$20,000 to \$25,000. If the business exceeds the \$25,000 threshold they would need a gambling service supplier license.

Petitions Not Adopted and Removed From Discussion

The following three petitions were filed by the Commission September 2005, and discussed at four Commission meetings. At the January 2006 meeting, the Commission voted against these petitions.

- (1) Increasing player-supported jackpot administrative fees from 10% to 35%.
- (2) Increasing poker wagering limits from \$25 to \$100, for poker games at house-banked card rooms.
- (3) Allowing new types of card games where players no longer receive their own hand of cards. Instead, players would have been responsible for their own decisions regarding the game, rather than their own hand. This would have allowed games like mini-baccarat.

(Continued on page 8)

Visit our website at www.wsgc.wa.gov

Proposed rule changes are generally discussed at three Commission meetings. At the first meeting rules are “Up for Discussion and Possible Filing;” the second meeting “Up for Discussion;” and the third meeting “Up for Final Action.” When rules are Up for Final Action, the Commission may choose to adopt the rules, hold them over for further discussion, or completely remove them from the agenda.

New Rules Changes Up for Filing

April 14, 2006, Commission Meeting

Allowing Credit between Operators and Distributors/Manufacturers

Please see article on the front page for information.

Contributions to PSJ funds by Card Room Employees

A card room employee states that it is not fair that on-duty card room employees participating in card games with player-supported jackpots (PSJ) are required to contribute to the PSJ when they are not allowed to share in the winnings. He has submitted a Petition for Rule Change requesting that on-duty employees no longer contribute to the PSJ fund.

Fees for Lease/Rental on Electronic Bingo Daubers

A licensed manufacturer has submitted a Petition for Rule Change requesting that manufacturers and distributors be allowed to lease electronic bingo card daubers based on the number of bingo cards sold to a device. Currently, this is not allowed.



June 16, 2006, Commission Meeting

Repealing the Two Part Payment Plan

This proposed change would no longer allow the two-part payment plan for license fees. Currently, license fees of \$800 or more may be paid in two payments; the first half is due when the license is issued and the second half is due six months later. The agency loses an average of \$100,000 each year because the second half payment is not paid when a business closes. In addition, staff spends time following up on NSF checks submitted for the second half payment.



Updated! 2006 Commission Meeting Schedule

April 13 & 14

The Heathman Lodge
7801 NE Greenwood Drive
Vancouver, WA 98662 – (360) 254-3100

May - No Meeting

June 15 & 16

Marcus Whitman Hotel
6 West Rose Street
Walla Walla, WA 99362 – (509) 525-2200

July 13 & 14

The Hilton Hotel
301 West 6th Street
Vancouver, WA 98660 - (360) 993-4500

August 10 & 11

Red Lion Hotel
1225 North Wenatchee Avenue
Wenatchee, WA 98801 - (509) 663-0711

September 14 & 15

Red Lion Hotel at the Park
303 W. North River Drive
Spokane, WA 99201 – (509) 326-8000

October 12 & 13

Inn at Gig Harbor
3211 56th Street NW
Gig Harbor, WA 98335 - (253) 851-5402

November 16 & 17

DoubleTree Guest Suites
16500 Southcenter Parkway
Seattle, WA 98188 – (206) 575-8220

December - No Meeting

Rules Changes Up for Final Action

April 14, 2006, Commission Meeting

Cash Defined

At their October 2005 meeting, the Commission filed a petition from by a licensed service supplier requesting a new rule be written to define cash. The new definition would expand how players could pay to participate in gambling activities and receive winnings. The intent of the change is to allow patrons to use “guest cards” to purchase pull-tabs and allow pull-tab winnings to be added to “guest cards.”

Currently, cash, checks and debit cards may be used to participate in gambling activities. Staff does not have regulatory concerns allowing gift cards or gift certificates to be used to participate in gambling activities; however, staff is opposed to allowing gambling winnings to be added to or stored on gift cards.

June 16, 2006, Commission Meeting

Gift Cards and Gift Certificates

The change would allow gift certificates and gift cards as ways to pay to participate in gambling activities (amendment to WAC 230-12-050). This rule change was filed at the February 2006 Commission meeting.

Gambling Devices at Trade Shows and Conventions

This new rule would allow licensed manufacturers and distributors to transport, display and take orders for authorized gambling devices at trade shows and conventions. The target audience of the trade show or convention must be operators of authorized gambling activities. This rule change was filed at the March 2006 Commission meeting.

License Fees for Military Personnel

The rule change would allow deployed armed service personnel to renew their individual licenses at the regular annual renewal rate for up to six months after returning from deployment without additional costs. This rule change was filed at the March 2006 Commission meeting.

Rules Changes on Hold

The proposed rule changes below were listed in the last newsletter as under review by staff. These rule changes have been put on hold. We will let you know if they are moved forward for filing with the Commission in upcoming newsletters.

Gambling Equipment

Staff was looking at the possibility of removing certain logo chips, cards and table layouts from the definition of gambling equipment so they can be in the possession of unlicensed persons and businesses, such as chip collectors.

Services Suppliers

The changes would have: 1) clarified what types of financiers need to be licensed and which do not; 2) required businesses that analyze gambling equipment to be licensed; and 3) required businesses that enter into ongoing financial relationships with manufacturers to be licensed if they provide “gambling related software.”

Substantial Interest Holders

The amendment would have formally recognized that Limited Liability Companies can be substantial interest holders.

Card Room Operator's Spouse Needs a License

This new rule would have required spouses of card room operators to be licensed as a card room employee, if they work in the gambling part of the business.



Petitions Not Adopted ..continued

(Continued from page 5)

The Commission did not file the following Petition for Rule Change.

A licensed distributor requested that discriminatory pricing restrictions between manufacturers and distributors, which were repealed October 10, 2005, be reinstated. At their March 2006 meeting, the Commission denied the Petition stating the following reasons:

First, regulating business relationships between distributors and manufacturers is outside the Commission's mission. The Commission's mission is protect the public by ensuring gambling is legal and honest.

Second, there are other legal remedies the petitioner could pursue other than to rely on Commission rules, such as anti-trust laws.

Third, before repealing the credit rules, the Commissioners took public comment for three months. They carefully considered all of the arguments made and gave them due consideration before repealing the rules.

Late Activity Reporting—Administrative Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Farmers Café, Pomeroy	Failure to timely submit its Activity Report for the second quarter of 2005.	The licensee agreed to voluntarily surrender its gambling license.
Mario's Sports Bar & Restaurant, Burien (owner Jaey Hong)	Failure to timely submit its Activity Report for the second quarter of 2005.	The licensee agreed to voluntarily surrender its gambling license.
Trav's Restaurant and Lounge, Wenatchee	Failure to timely submit its Activity Report for seven consecutive quarters, failure to pay city gambling taxes for 2002, 2003, and 2004, and Settlement Order violation.	The licensee failed to appear for the hearing; therefore, an Administrative Law Judge issued an Order of Default revoking the license. The licensee filed a Motion to Vacate the Order of Default, which the Administrative Law Judge denied.
Zilla's Market St. Pub, Chehalis	Failure to timely submit its Activity Report for the second quarter of 2005.	The licensee failed to respond to the charges. An Order of Default was entered revoking the license.

Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Geraldine Henzel, Card Room Employee (CRE) (Formerly employed by Ponderay Café and Chips Casino), Bremerton	Cheating.	The licensee agreed to surrender her gambling license.
Veasna Kha, CRE (Formerly employed at Magic Lanes Casino), Renton	Cheating.	An Administrative Law Judge issued an Order revoking his license.
Linda Levshakoff, CRE (Formerly employed by Ponderay Café), Bremerton	Criminal History.	The licensee agreed to surrender her gambling license.
Hau V. Huynh, CRE (Formerly employed at the Golden Nugget Casino), Tukwila	Extension of credit. Taking the house's chips to play poker.	The licensee failed to respond to the charges, and a Default Order was entered revoking his license.
John Harman, Applicant, Lacey	Failure to disclose a material fact on his application.	The applicant withdrew his application.
Tina Damis, Class III Employee (Formerly employed at Luck Eagle Casino), Rochester	Theft of \$1,095 in travel expenses.	The licensee failed to respond to the charges, and a Default Order was entered revoking her Class III certification.
William J. Delashmit, CRE (Formerly employed at Iron Horse Casino), Shoreline	Theft of \$80 from a pull-tab cash drawer while employed as a security guard.	The licensee failed to respond to the charges, and a Default Order was entered revoking his license.
James A. Lynass, CRE (Formerly employed by Players & Spectators), Spokane Valley	Theft of \$60 while working as a dealer.	The licensee failed to respond to the charges, and a Default Order was entered revoking his license.
Joseph L. Mino, CRE (Formerly employed at Silver Dollar/Mill Creek), Bothell	Theft of \$132 in gaming chips while working as a dealer.	The licensee waived his right to a hearing, and a Default Order was entered revoking his license.
Matthew D. Mitzel, CRE (Formerly employed by Thunderbird Casino & Lounge), Yakima	Theft of \$150 in gaming chips while working as a dealer.	The licensee failed to respond to the charges, and a Default Order was entered revoking his license.
Stephen A. Sottero, CRE (Formerly employed by Ringo's Little Vegas), Spokane Valley	Theft of \$2,800 for reimbursement of non-existent poker promotions.	The licensee agreed to repay \$2,800 to Ringo's Little Vegas and since his license had expired, to not renew his license.

Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Sunset Junction, Spokane	Denied local law enforcement access to a licensed gambling facility.	The licensee agreed to serve a three day suspension.
AMF Imperial Lanes Restaurant & Lounge, Seattle	Failure to timely submit information requested by Commission staff.	The licensee submitted the information and agreed to a fine and costs totaling \$1,500.
AMF Timber Lanes Restaurant & Lounge, Seattle	Failure to timely submit information requested by Commission staff.	The licensee submitted the information and agreed to a fine and costs totaling \$1,500.
Sun Villa Lanes Restaurant, Seattle	Failure to timely submit information requested by Commission staff.	The licensee submitted the information and agreed to a fine and costs totaling \$1,500.
Classic Casino & Bistro, Chehalis	Failure to timely submit its financial statements.	The licensee submitted its financial statements and agreed to a 15-day suspension. Thirteen days were deferred for one year and two days were vacated by a fine and costs totaling \$1,195.
Frontier Tavern, Richland	Failure to delete pull-tab flares and a Settlement Order violation.	The licensee failed to respond to the charges, and a Default Order was entered revoking the license.
Porterhouse Restaurant & Lounge, Moses Lake	Failure to timely submit its financial statements.	The licensee submitted its financial statements and agreed to a 15-day suspension. Thirteen days were deferred for one year and two days were vacated by fines and costs totaling \$3,357.
Randazzo Company, LLC, d/b/a Season Ticket Sports, Spirits, and Grub, Spokane	Failure to disclose a material fact on its application.	The licensee agreed to surrender its gambling licenses.
Z's Restaurant at Zeppoz, Pullman	Failure to record the time and date on its surveillance camera recordings and extension of credit.	The licensee agreed to serve a 10-day suspension. Three days were served and seven days were deferred for one year.
Rochester Management LP, Applicant, Mansfield, CT	Operating with expired license.	After obtaining licensure, the license was suspended for five-days. The five days were deferred for one year, and the licensee paid a fine and costs totaling \$9,675.

Administrative Case Update

By: Michelle Pardee, Paralegal, Communications and Legal Division

Name	Violation	Case Outcome
Gaming Consultants, Inc., Tukwila	Player-supported jackpot violation.	The licensee agreed to a 25-day suspension. Five days were deferred for one year and twenty days were vacated by a fine and costs totaling \$12,000.
Great American Casino, Kent	Player-supported jackpot violation and soliciting credit.	The licensee agreed to a 15-day suspension. Thirteen days were deferred for one year, and two days were vacated by a fine and costs totaling \$18,297.
Gaming Entertainment Inc., Las Vegas	Unlicensed distributor activity and purchasing from an unlicensed manufacturer.	The licensee agreed to a 15-day suspension. Ten days were deferred for one year and five days were vacated by a fine and costs totaling \$2,242.
Rotary Club, Richland	Exceeding license class.	The licensee submitted its license class upgrade fee and agreed to pay a portion of the costs totaling \$320.
Lion's Club/North Everett, Everett	Excessive reserves.	The licensee agreed to surrender its license.
Loyal Order of Moose #943, Applicant, Pullman	Operating with an expired license and a Settlement Order violation.	After obtaining licensure, the licenses were suspended for 15-days. Five days were deferred for one year and ten days were vacated by a fine and costs totaling \$1,500.

AMENDATORY SECTION

WAC 230-02-205 Gambling service supplier defined. A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

(e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer;

(f) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; or

(g) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and

(d) Persons that only provide non-management related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed (~~(twenty)~~ twenty-five thousand dollars during any calendar year.

AMENDATORY SECTION

WAC 230-02-208 Punch board and pull-tab service business defined. "Punch board and pull-tab service business" is defined as a person that provides recordkeeping services for punch board and pull-tab operators for compensation and:

(1) The individuals are not employees of the operator;

(2) The recordkeeping services do not include recommendations or advice of a management nature;

(3) The combined total gross billings for such services during any calendar year does not exceed (~~(twenty)~~ twenty-five thousand dollars; and

(4) The records completed are normally the responsibility of the operator. For purposes of this section, recordkeeping duties that are normally the responsibility of the operator include at least the following:

(a) Reconciling sales, prizes, and cash on hand for punch boards and pull-tab series;

(b) Completing mandatory records required by WAC 230-08-010: Provided, That recordkeeping services provided by a professional accounting business are exempt from these requirements when:

(i) The business performs services other than punch board and pull-tab records for the licensee;

(ii) The business has clients other than punch board and pull-tab licensees; and

(iii) The recordkeeping service only includes transcribing entries from the licensee into the required format; and/or

(c) Storing boards and series removed from play.

AMENDATORY SECTION

WAC 230-04-133 Punch board and pull-tab service business - Registration required - Procedures - Restrictions. It is in the public's interest to closely control gambling devices and records relating to the operation of a gambling activity. The commission must identify all individuals and businesses that have control over gambling devices, including punch boards and pull-tabs, and all records relating to the operation of gambling activities. Businesses that provide punch board and pull-tab record services, as defined by WAC 230-02-208, shall register with the commission and receive a permit prior to providing services to a licensee. The following procedures and restrictions apply to punch board and pull-tab service businesses:

(1) Each business seeking to register as a punch board and pull-tab service business shall submit a permit application on a form provided by the commission. Such application shall be complete in every respect, accompanied by proper fees, and signed by the applicant. The application shall include at least the following:

(a) A complete description of the services provided; and

(b) Personal and criminal history forms for all individuals involved in providing services.

(2) The permit shall be valid for a period not to exceed one year from the date approved.

(3) Any changes in information provided with the application must be submitted to the commission within thirty days of change.

(4) The permit becomes void and the business must apply for a gambling service supplier license to continue providing services if any of the conditions listed below occur:

(a) The nature of the business being provided changes to include services defined in WAC 230-02-205(1); or

(b) The combined total gross billings from providing services exceeds (~~(twenty)~~) twenty-five thousand dollars during the permit period.

(5) The permit may be revoked by the director at any time for the following reasons:

(a) Reasons set forth in WAC 230-04-400 or RCW 9.46.075; or

(b) The permit holder has acted with gross negligence or intentionally misstated or

manipulated a licensee's records or punch board/pull-tab games; or

(c) Failure to produce an operator's record or copies thereof, or punch board or pull-tab games when requested by a commission agent.

(6) Immediately upon request, a punch board and pull-tab service business shall provide the commission or any of its representatives a complete list of customers and the location where records of each are maintained.

(7) If a punch board and pull-tab service business or associate of such business has any interest in a licensed manufacturer or distributor, they shall inform the commission, any operator to which they provide services, and the manufacturer or distributor of the relationship. The director may restrict the manufacturer or distributor from selling punch boards or pull-tabs to such operator.

(8) Punch board and pull-tab service business permit holders shall follow the records requirements of WAC 230-08-026 (1)(a), (c), (d), (2), and (3). In addition, such businesses shall be familiar with minimum recordkeeping requirements and availability of records for services they provide, including but not limited to WAC 230-08-010, 230-12-010 and 230-30-072.

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Please remove the rule amendments on reverse and insert them into your rules manual.

AMENDATORY SECTION

WAC 230-08-120 Quarterly activity report by operators of bingo games (license Class D and above). Each organization licensed to conduct bingo games in Class D and above shall submit an activity report to the commission concerning the licensed activity and other matters set forth below ~~((during each of the following periods of the year)).~~

(1) Licensees must report on activity occurring between:

January 1~~((st))~~ through March 31~~((st))~~;

April 1~~((st))~~ through June 30~~((th))~~;

July 1~~((st))~~ through September 30~~((th))~~; and

October 1~~((st))~~ through December 31~~((st))~~ of each year.

~~((If the licensee does not renew its license, then it shall file a report for the period between the previous report filed and the expiration date of its license.))~~ (2) A report shall be submitted for any period of time the activity was operated or a license was valid. If a license was not renewed, a report for the period between the previous report and the expiration date shall be submitted.

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or post-marked no later than 30 days following the end of the period for which it is made.

(4) The report shall be signed by the highest ranking officer or his/her designee. If the report is prepared by someone other than the licensee or an employee, then the preparer shall print his/her name and phone number on the report.

(5) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include, among other items, the following:~~

~~(1) The gross gambling receipts from bingo.~~

~~(2) The total amount of cash prizes actually paid out and the total of the cost to the licensee of all merchandise prizes actually paid out. Donated prizes will be recorded at the fair market value of the prize at the time they were received by the organization.~~

~~(3) The net gambling receipts.~~

~~(4) Full details on all expenses directly related to bingo, including at least the following:~~

~~(a) Wages, monies, or things of value paid or~~

~~given to each person connected with the management, promotion, conduct or operation of the bingo game together with an attachment setting out the following:~~

~~(i) Name;~~

~~(ii) Duties performed;~~

~~(iii) Hours worked; and~~

~~(iv) Wages, monies or things of value paid or given for conducting bingo activities. When an employee works in more than one activity, the total hours worked and total wages shall also be reported;~~

~~(b) A statement describing the allocation method used in allocating common use expenses; and~~

~~(c) A detailed listing of all items included under "other."~~

~~(5) The net income.~~

~~(6) The total number of customers participating.~~

~~(7) The total number of sessions held.~~

~~(8) Net income from the operation of retail sales activities operated in conjunction with bingo games.))~~

AMENDATORY SECTION

WAC 230-08-125 Annual activity reports - Certain activities operated by charitable or nonprofit organizations. Each charitable or nonprofit organization licensed to operate raffles, amusement games, Class A, B, or C bingo games, or combination license shall submit to the commission an annual summary of all such activities. The annual report shall be completed as follows:

(1) The report form shall be furnished by the commission, and the completed report shall be received in the office of the commission or postmarked no later than thirty days following the expiration of such organization's license year.

(2) The report shall be signed by the highest ranking officer or his/her designee. If the report is prepared by someone other than this officer, then the preparer shall include his/her name and phone number on the report;

(3) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include, among other items, the following:~~

~~(a) The gross gambling receipts from the conduct of each licensed activity;~~

~~(b) The total amount of cash prizes actually paid out, and the total of the cost to the licensee of all merchandise prizes actually paid out for each licensed activity. Donated prizes will be recorded at the fair market value of the prize at the time they were received by the organization;~~

~~(c) The net gambling receipts for each activity;~~

~~(d) Full details on all expenses directly related to each activity, including all compensation paid by the licensee to each person for any work connected with the management, promotion, conduct or operation of each of the licensed activities, including a description of the work performed by that person: Provided, That RCW 9.46.0277 and WAC 230-20-070 are observed in relation to the restriction against employing persons to conduct or otherwise take part in the operation of a raffle;~~

~~(e) The net income from each activity;~~

~~(f) The total number of sessions conducted during the year; and~~

~~(g) The total number of players participating in bingo games.~~

~~(4) In addition, organizations that operate retail sales activities in conjunction with bingo games shall report the net income from such.))~~

AMENDATORY SECTION

WAC 230-08-180 Annual activity reports by commercial amusement game operators. (License Class B and above) (1) Each licensee for the operation of commercial amusement games Class B and above shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below.

(2) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than sixty days following the license expiration date.

(3) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or their employee, then the preparer's name and business telephone number must be provided.

(4) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include the following:~~

~~(a) The total gross gambling receipts;~~

~~(b) The total cost to the licensee of all prizes awarded;~~

~~(c) Full details of all expenses related to the purchase and operation of amusement games;~~

~~(d) Total net gambling income;~~

~~(5) In addition to the above, commercial amusement game licensees operating amusement games at locations on a temporary basis set forth in WAC 230-04-138 (1)(a), (d), or (e) or as authorized by WAC 230-20-670(2) shall provide for each separate location:~~

~~(a) The name and address of the business and/or event;~~

~~(b) The total gross gambling receipts received; and~~

~~(c) The amount of funds distributed to the premise/location owner.))~~

AMENDATORY SECTION

WAC 230-08-250 Annual activity reports by agricultural fairs and other bona fide charitable or nonprofit organizations with special location licenses to conduct bingo, raffles, and amusement games. (1) Each bona fide charitable or nonprofit licensee for the operation of bingo, raffles, and amusement games conducted only at agricultural fairs and other special locations shall submit an activity report to the commission concerning the operation of the licensed activities and other matters set forth below for the period of their license.

(2) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or post-marked no later than 30 days following the expiration date of the license. All persons operating by virtue of a permit issued by the commission shall furnish to the licensee in conjunction with whom the permit is used, all information with respect to their own operation which is needed by the licensee to complete its report not less than ten days prior to the time the licensee is required to file his report with the commission.

(3) The report shall be signed by the highest ranking executive officer or his designee. If the report is prepared by someone other than the licensee or his employee, then the preparer shall also sign the report.

~~((The report shall include, among other items, the following:~~

~~(1) The gross receipts from each separate gambling activity;~~

~~(2) The total cash prizes actually paid out and the total of the cost to the licensee of all merchandise prizes actually paid out for each separate gambling activity;~~

~~(3) The net receipts for each separate gambling activity;~~

~~(4) Full details on all expenses directly related to each separate gambling activity;~~

~~(5) The net income from each separate gambling activity; and~~

~~(6) The gross receipts from the rental or leasing of space for licensed gambling activities.))~~ (4) The report shall be completed in accordance with the related instructions furnished with the report.

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AMENDATORY SECTION

WAC 230-40-120 Limits on wagers in card games. Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:

Nonhouse-banked card games.

(1) Poker:

(a) There shall be no more than five betting rounds in any one game;

(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and

(c) The maximum amount of a single wager shall not exceed twenty-five dollars;

(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value;

(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager;

(4) Panguingue (pan) - the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player;

House-banked card games.

(5) Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed ~~((one))~~ two hundred dollars~~((, except that such licensees may allow a single wager of up to two hundred dollars on a limited number of tables as follows:~~

~~(a) Licensees authorized to operate five tables or fewer may operate one table at the two hundred dollar limit;~~

~~(b) Licensees authorized to operate from six to ten tables may operate two tables at the two hundred dollar limit; and~~

~~(c) Licensees authorized to operate more~~

~~than ten tables may operate three tables at the two hundred dollar limit));~~

(6) A single wager may be made for each decision made by the player before additional cards are dealt or revealed. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and

(7) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsection (5) of this section.

AMENDATORY SECTION

WAC 230-40-815 Administrative and accounting control structure--Organization--House-banking. Each licensee operating a house-banked card game shall ensure that all games are closely controlled, operated fairly and in accordance with all rules of the commission. The following control procedures and conditions shall be met:

Internal controls.

(1) The licensee shall have a system of internal controls that include at least the following:

(a) Administrative controls, which include, but are not limited to, the organization's plan, procedures, and records concerned with decision processes leading to management's authorization of transactions; and

(b) Accounting controls which include the licensee's plan, procedures, and records concerned with the safeguarding of assets and the reliability of financial records. These controls must be designed to provide reasonable assurance that:

(i) Transactions are executed in accordance with management's general and specific authorization;

(ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, and to maintain accountability for assets;

(iii) Access to assets is permitted only in accordance with management's authorization; and

(iv) The recorded accountability for assets is compared with existing assets at least annually and appropriate action is taken within five working days with respect to any differences.

Administrative controls.

(2) The licensee's system of administrative controls shall provide for the following:

(a) Competent personnel with an understanding of prescribed procedures;

(b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties; and

(c) Each employee of a house-banked card room shall be licensed by the commission and shall be knowledgeable in all accounting and internal

control practices and procedures relevant to each employee's individual function.

Separate departments and functions.

(3) The licensee shall, at a minimum, establish the following departments or functions that shall be independent from all other departments or functions:

Surveillance.

(a) A surveillance department which shall not include security functions or personnel. The head of surveillance shall be responsible for, but not limited to, the following:

(i) The clandestine surveillance of the operation and conduct of the table games;

(ii) The clandestine surveillance of the operation of the cashier's cage;

(iii) The video and audio recording of activities in the count rooms;

(iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;

(v) The video recording of unusual or suspected illegal activities;

(vi) The notification of appropriate supervisors and commission staff, within three working days, upon the detection of cheating, theft, embezzlement, or other illegal activities;

(vii) Ensuring that each dealer is evaluated to determine if all required dealer procedures and techniques set forth in the licensee's approved internal controls are followed; and

(viii) Ensuring all surveillance employees have a demonstrated knowledge of the following:

(A) Operating surveillance systems;

(B) Rules of play and procedures for the games being played; and

(C) The overall procedures relating to the duties of all employees of the house-banked card room being monitored (dealers, shift managers, floor supervisors, cage cashier's and count team members).

Security.

(b) A security department, supervised by

a security department manager, is responsible for at least the following:

(i) Control of cards and dealing shoes, including storage of new and used cards and shoes, and control of the disposition and/or destruction of same when removed from service; and

(ii) Transfer of cash and chips to and from the gaming tables, cage and count room.

Gaming operations.

(c) A gaming operation department supervised by a gaming operation department manager who shall be responsible for the operation of all house-banked card games conducted by ensuring the following:

(i) Card games are operated by licensed dealers who are assigned to each gaming table;

(ii) A floor supervisor is assigned the responsibility for the overall supervision of the conduct of gaming within a pit and can supervise no more than ~~((five))~~ seven tables ~~((~~Provided,~~ That a single supervisor may supervise up to seven tables, if only seven tables are in operation and the layout was preapproved by commission staff))~~ as long as the floor plan was approved by commission staff in the Internal Controls;

(iii) A licensee which utilizes two separate areas of a gaming establishment shall require at least one supervisor in each area; and

(iv) A shift manager, who reports to the gaming operation department manager, is assigned to supervise floor supervisors and all gaming related activities that occur during each shift. In the absence of the gaming operation department manager, the shift manager shall have the authority of a gaming operation department manager: ~~Provided, That~~ in addition to the floor supervisors required in this subsection, licensees operating more than ten tables shall be required to have a shift manager on the premises.

Accounting.

(d) An accounting department supervised by an individual who shall report directly to the chief executive officer or chief operations officer. The responsibilities of the accounting department shall include, but not be limited to, the following:

(i) Implementing and monitoring of accounting controls;

(ii) The preparation, control, and storage of records and data required;

(iii) The control of unused forms inventory along with reconciliation of forms used; and

(iv) The control and supervision of the cashier's cage.

Modifications.

(4) Any changes to the licensee's system of internal controls must be submitted to commission staff and be approved prior to implementation.

Employees shall be informed of internal controls.

(5) All licensed operators shall inform their card room employees of the internal controls related to their respective area of responsibility. Furthermore, both the operator and all card room employees shall follow these internal controls at all times.

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- NOTICE - INTERNET GAMBLING is ILLEGAL.

It is a **FELONY** Crime.

You could go to **PRISON**,
pay a **FINE**
or **BOTH**.

You could **LOSE**
your gambling
LICENSE.

KNOW THE LAW



Our Mission: Protect the Public By Ensuring that Gambling is Legal and Honest.

For Operational or Regulatory Questions, please call our field office closest to you.

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Division	Extension	Division	Extension
Administration	3447	Mandatory Training Schedule	3440
Administrative Charges/Hearings	3465	Media Questions	3466 or 3463
Commission Meeting Agenda	3447	Newsletter	3466
Electronic Gambling Equipment Review	3504	Problem Gambling	3468
Human Resources (Personnel)	3457	Public Disclosure Requests	3529
ID Stamps (Business Office)	3489	Record Keeping Forms	3440
Licensee Activity Reports	3474	Rule Changes	3466
License Application Requests & Status	3440	Tribal Negotiations	3449
Licensing Investigations	3555	Tribal Regulation / Implementation	3587

Washington State Gambling Commission

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